

ITERA



Q4
2022

Make a difference

Highlights

October – December 2022

- Operating revenue NOK 205.5 million (NOK 158.7 million), representing growth of 29%
- EBITDA NOK 28.2 million (NOK 24.4 million) and an EBITDA margin of 13.7% (15.4%)
- EBIT NOK 19.4 million (NOK 18.1 million) and an EBIT margin of 9.5% (11.4%)
- 698 (617) employees at the end of the period, up 81 (13%) over the last 12 months
- Cash flow from operations NOK 41.4 million (NOK 32.8 million)

January – December 2022

- Operating revenue NOK 735.8 million (NOK 593.0 million), representing growth of 24%
- EBITDA NOK 109.0 million (NOK 101.6 million) and an EBITDA margin of 14.8% (17.1%)
- EBIT NOK 77.2 million (NOK 77.0 million) and an EBIT margin of 10.5% (13.0%)
- Cash flow from operations NOK 76.0 million (NOK 69.5 million)

Highlights

- Itera continued to increase its growth trajectory, achieving organic revenue growth of 29.4% in the fourth quarter of 2022, in line with our ambitions. The operating profit (EBIT) margin was 9.5% (11.4%) while we continued to invest in our three new offices in Central Europe and cloud operation in addition to some extra costs to support our Ukrainian operation during the invasion.
- Our investment in Cloud Application Services is showing promising progress, fuelling our growth rate in the quarter. The cost of having excess capacity in order to be ready for larger and multiple migration projects and operations will gradually diminish as business volume grows.
- As an example, following a Lite Discovery and Assessment for a safe journey into the cloud, Itera has entered into a 3-year agreement worth approximately NOK 10 million annually with TESS, a leading supplier of operation and maintenance products in Norway for the Construction, Public Sector, and Oil & Gas industries.
- Order intake was equivalent to a book-to-bill ratio of 1.5 in the fourth quarter and to 1.2 for the full year. In the fourth quarter, Itera entered into new or extended contracts with customers including Santander Consumer Bank, DNV, Gjensidige, TESS, Kredinor, Insurance Technology Solutions, Trafysys, KLP, Pelagia, and NAV.
- Itera scored in the top 6% in its industry in the sustainability ranking by Ecovadis, the world's largest and most trusted rating company within sustainability.
- As part of its ambitious growth journey, Itera hired Taras Tovstiak as new Director of Central and Eastern Europe, with responsibility for the operations in Ukraine, Slovakia, Poland, and the Czech Republic.
- A supplementary dividend of NOK 0.30 per share based on 2021 results was paid in the fourth quarter of 2022. The Board of Directors has passed a resolution to propose to the Annual General Meeting on 24 May 2023 the distribution of an ordinary dividend for 2022 of NOK 0.30 per share and for it to be authorised to approve a possible supplementary dividend later in the year.

Key figures

Amounts in NOK million	2022	2021	change	2022	2021	change
	10-12	10-12	%	1-12	1-12	%
Operating revenue	205.5	158.7	29%	735.8	593.0	24%
Gross profit	191.9	147.3	30%	684.2	547.3	25%
EBITDA	28.2	24.4	16%	109.0	101.6	7%
EBITDA margin	13.7 %	15.4 %	-1.6 pts	14.8 %	17.1 %	-2.3 pts
Operating profit (EBIT)	19.4	18.1	7%	77.2	77.0	0%
EBIT margin	9.5 %	11.4 %	-2 pts	10.5 %	13.0 %	-2.5 pts
Profit before tax	19.5	17.5	11%	78.2	75.9	3%
Net income from continuing operations	14.0	13.0	8%	58.6	58.5	0%
Profit margin	6.8 %	8.2 %	-1.4 pts	8.0 %	9.9 %	-1.9 pts
Net income including discontinued operations	14.0	9.5	47%	48.2	44.1	9%
Net cash flow from operating activities	41.4	32.8	26 %	76.0	69.7	9%
No. of employees at the end of the period	698	617	13 %	698	617	13%

CEO's comment

A big thank you to our incredibly talented people for their extraordinary work and commitment for making 2022 a truly remarkable year for Itera. After Russia's invasion of Ukraine on 24th of February, no one could imagine that we would deliver organic growth of 29 % and an operating EBIT margin of 9.5% in the fourth quarter. I have never been so proud of how our great people navigate any kind of challenges the invasion represents.

The biggest social responsibility of the business community is to keep the Ukrainian economy running. Last quarter, our business in Ukraine kept running as normal despite the frequent waves of Russian missiles and drone attacks on critical infrastructure and civilians across the country. Our people in Ukraine adapt their availability according to information from authorities on planned repair and maintenance of the electric grid and power supply. Power banks, power generators and extra UPS for Internet access are installed in our offices and homes as needed. In general, our offices in Ukraine remain safe and operate with all services, including power and Internet.

Our performance is really demonstrating the resilience of the company. We are very pleased with our steady, strong and profitable growth trajectory, with an annual growth rate of 21.6% and an average EBIT margin of 11.6% over the last 24 months.

We achieved this profitable growth while continuing to invest in our three new offices in Central Europe, cloud capabilities and the professional growth of our people, all in order to increase our scalability as a strong international company. We also achieved solid organic growth in our headcount, with a net 81 employees joining over the last 12 months, temporarily impacted by the invasion of Ukraine. Once the new offices are running at full speed, our growth capacity will be even larger than before the invasion and less vulnerable to any situation in Ukraine. Indeed, our long-term ambition is to grow our headcount organically by a net 200-350 FTEs annually.

We remain focused on staying close to our customers, providing the right solutions to enable sustainable digital transformation and adjusting to their changing needs. There is no more powerful input than digital technology to drive business growth. Digital technology will accelerate growth beyond what was previously possible with people and machines. When I talk to executives, the need for speed and results from digital initiatives is always one of their top priorities.

Over the last quarter, the economic forecasts for 2023 have continued to decline. While the latest technology spending forecast for 2023 continues to show robust growth of 5% or so, we will see how the market evolves as customers adjust to the new macro environment. We believe that the current macro situation is making it even clearer to customers that they need to change more, not less. At the same time, they're more and more focused on cost and resilience.

Moving to the cloud is the best way for any customer in today's economy to mitigate demand uncertainty and energy costs, while gaining efficiencies of cloud-native development. And yet we are still in the early stages when it comes to the long-term cloud opportunities.

Because speed, cost and resilience are so important to our customers, we often do multiple things at the same time to help in their digital transformation. We continue to see a growing number of

customers embrace our Digital Factory at Scale in order to digitise faster, access digital talent and reduce costs. There is also a gradual shift taking place in the nature of demand for managed services. Our sales pipeline of cloud migration and cloud modernisation opportunities is increasing steadily. Our Cloud Application Services unit is developing according to plan with gradually improving profitability in addition to increasing its recurring revenue.

Our culture is grounded in the growth mindset: Grow people, grow customers, grow company. This means everyone is on a continuous journey to learn and grow. We continue to invest in our people, providing learning opportunities and upscaling to enable us to pivot as our customer's needs evolve. We believe our unwavering commitment to diversity and inclusion is both the right thing to do and an essential element of our business strategy and strong financial performance.

Our own progress in sustainability is important to our ability to lead in helping our customers harness this key force of change and in attracting top talent. We scored in the top 6% in our industry in the sustainability ranking by Ecovadis, the world's largest and most trusted rating company within sustainability. We will continue our pursuit of our own commitments and helping others achieve their sustainability goals, aided by technology.

As a company, we are deeply engaged in supporting Ukraine from all locations. As an example, in the fourth quarter, Itera together with the Norwegian-Ukrainian Chamber of Commerce (NUCC) and The Norwegian Public Roads Administration (Statens Vegvesen) were instrumental in providing 310 meters of temporary bridges to Ukraine. In total, Norway is shipping 32 trucks with temporary bridge structures to Ukraine that will not only connect settlements but will also ensure the delivery of humanitarian cargo, the passage of ambulances, repair teams, and the evacuation of the population.

Today, we are the strongest we have ever been in our history because of our incredible people. As we begin the new year, we believe the depth and breadth of our services in sustainable digital transformation have never been more relevant. Our consistent investment in scalability, including new offices, cloud capabilities and developing our employees, will define our growth journey going forward.

I am constantly in awe of how our employees bring their passion to work each day - for each other, for our customers, for their communities and for Ukraine. Thank you so much.



Arne Mjøs

FOUNDER & CHIEF EXECUTIVE OFFICER

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Business review

Business review

Digitisation is becoming an ever more intrinsic part of business. More specifically, software is a prerequisite for competitiveness in every business area. For an increasing number of companies, it is the basis of what their business is built upon – their software is their product.

We leverage our scale and international footprint, innovation-led culture and strong partnerships, together with our Digital Factory at Scale and Cloud Centre of Excellence capabilities, to consistently deliver tangible value for our customers around the world.

We are fully committed to something bigger than ourselves and take responsibility for showing how to become more sustainable, how to create new pathways for industrial growth and how to deliver far-reaching lifestyle changes through digitalisation.

Itera in Energy - Powering a sustainable future

2022 has truly been the year in which Itera has made a mark in the energy sector, both with several new customers, such as Å Energi, its subsidiary Entelios, Hafslund ECO and Laki Power, and with strong growth at existing customers, such as Eviny, BKK and the Energy Systems part of DNV.

In addition, we have published several new editions of Itera's energy report, "Strømrapporten". The reports are produced in collaboration with THEMA Consulting, a supplier of energy sector forecasts and models, both in the Nordic market and in Europe. In the latest edition published in November, we discussed how the electricity crisis in Europe creates new opportunities for electricity companies. The situation is demanding for consumers and companies, but it is also a unique opportunity to offer electricity customers new solutions and redefine products. The energy report is an important initiative to increase our position in the market and strengthen customer relationships. The report can be downloaded on itera.com.

Itera also participates actively in many energy-related networks such as the Smart Energy Network and Teknologioptimistene. The networks offer good opportunities to exchange ideas and co-operate closely with other participants in the energy industry.

Last but not least, energy has also been on the agenda when CEO Arne Mjøs has visited Ukraine, in total three times since the invasion, with his latest visit taking place in September. He had an important meeting with the Ukrainian Minister of Energy and his three Deputy Ministers in Kyiv in which we addressed the twin transition – green and digital – that will reinforce sustainability with technology and enable sustainable digital transformation in the energy sector after the invasion is over. Together with Rystad Energy - a world-leading analysis and consultancy company across the full spectrum of energy sources that has a presence in all corners of the globe - Itera discussed how an executable strategy for fast-tracking co-operation between Norway and Ukraine in the energy sector could be developed, as urged by President Zelenskyi.

Overall, the Norwegian as well as the Nordic energy sector could help resolve several of the energy challenges facing Ukraine. Clearly, the situation on the ground is uncertain and unsettled, and many even more imminent challenges might need attention rather than the long-term strategy for the energy sector. However, access to energy will be key for the reconstruction of Ukraine and starting early to set a direction is important to be ready for the upcoming Marshall Plan for Ukraine after the invasion is over.

A selection of customer successes

Building the digital core for innovation and growth for TESS

Itera has entered into an agreement with TESS worth approximately NOK 10 million yearly over a three-year period. TESS, with annual revenue of NOK 4.7 billion and 1,200 employees, as well as several domestic and international subsidiaries, is a leading supplier of operation and maintenance products in Norway for the Construction, Public Sector, and Oil & Gas industries.

TESS is embarking on a significant digital and cloud transformation with the ambitious goal of doubling its revenue and earnings within three years. Our Cloud and Application Services is now in charge of assisting TESS in migrating to the cloud and taking over management operations.

The short-term goal is to reduce costs, and the investment in migrating to the cloud is estimated to be paid back after approximately a year. In the long term, the goal is to build the digital core of TESS for innovation, digitisation and growth, with all capabilities inherent in the cloud.

During the autumn of 2022, Itera conducted a Lite Discovery and Assessment for TESS, which gave TESS an overview of the current situation and what should be done for a safe journey into the cloud. We then started the actual migration in Q4 2022, which is already a success and is due to be completed during Q1 2023. The migration applies to all systems and applications that TESS has today except for an ERP system that will be handled separately.

An important element in the migration is the use of Itera's Cloud Centre of Excellence, which you can read about below in the Business Review.

Storebrand Sustainability Dashboard

Half of the money in the world's stock markets is pension savings, representing funds that can truly affect what the world will look like in the future. Our long-time customer Storebrand is a leading player in the Nordic market for long-term savings and insurance. Sustainability is of key importance to Storebrand, and they have extensive data relating to investments and sustainability.

To provide its customers with this data in a simple and efficient way, Storebrand asked Itera to develop a solution that would visualise how its customers' pensions savings scored on various sustainability considerations. The aim of the project was to provide customers with better insight into how their pension savings are invested and to create greater awareness and involvement in relation to sustainable choices.

The dashboard is tailored to each individual corporate customer and provides an overview of several relevant factors, such as carbon footprint and a sustainability score. In summary, the solution helps Storebrand's customers to make sustainable choices. It is easy to keep track of changes to their pension investments over time and to share the insights internally and externally, as they wish.

Read the full customer story on itera.com.

A new cloud-based call centre for Opplysningen 1881

Norway's entire population needs information such as addresses, telephone numbers and opening times, but not everyone uses digital solutions to find this type of information themselves. Nearly 100 customer service agents at Opplysningen 1881 therefore continue to provide services via telephone and SMS.

Itera was engaged by Opplysningen 1881 to provide functionality for a new, cloud-based call centre. A team from Itera has delivered new functionality (widgets) for searches in the call-centre system used by customer service agents, as well as design, development and operations services for the solution.

The solution is successfully operating in the cloud, and Itera is still developing new and strategic functionality.

Read the full customer story on itera.com.

Digital Factory at Scale - Doing more with less

In the fourth quarter, we continued to see a growing number of customers embrace our Digital Factory at Scale to digitise faster, access digital talent and reduce costs.

Our Digital Factory at Scale is all about doing more with less. It is our way of working to leverage our digital capabilities for creating and maintaining one or more digital products, services, or experiences for our customers. The secret to the Digital Factory's success is building reusable products and tools and repeatable processes to accelerate digital transformation.

Typically, the speed and throughput are increased by 20-30% or more. For instance, for an international customer in the energy sector, we managed to increase the speed of the digital transformation of a core product by 40%.

Each Digital Factory is composed of a vertically aligned, cross-functional team that fully addresses the lifecycle elements of digital product creation – from business opportunity analysis and epic/user story development to backlog management, application development, testing, deployment, and ongoing operations. There can also be established multiple factories to support one or more digital products. The factory encompasses all our services and tools, from digital strategy, customer experience and cloud transformation journeys to cloud migration and modernisation, data-driven development, artificial intelligence usage and entire product lifecycle management.

Itera has invested more than NOK 30 million in Digital Factory at Scale and its Cloud Centre of Excellence (CCoE) and migrated our own data centre to the cloud. The factory also supports hybrid cloud solutions as well as other hyperscale cloud platforms. With everything in the cloud, Itera operates as a fully digital business with deliveries to 20 countries around the world.

Part of the solution is to democratise the development of applications and access to data. The product team is equipped with low-code/no-code tools, such as Microsoft Power Platform, which enables normal users to develop solutions and create value out of their data.

The democratisation of IT is a huge opportunity for both professional developers and normal users to do more for less. By 2025, 70% of new applications in enterprises will use low-code or no-code tools, up from less than 25% in 2020.

Cloud migration and modernisation

Leaders in every industry are accelerating their migration to the cloud. 95% of new digital workloads will be deployed on cloud-native platforms by 2025. IT and OT (Operational Technology) are coming together, and the cloud is foundational to how organisations will ensure they are competitive going forward.

It is hard to overstate the opportunity. We often start a customer's cloud journey with a Lite Discovery and Assessment. These

assessments help customers to understand their current environment and provide recommended next steps for their cloud journey, as well as a recommended migration and modernisation plan based on a categorisation of workloads. In addition, we combine with a digital strategy offering to define target end state, focused roadmap and business case for the cloud journey.

A typical cloud journey consists of both migration and modernisation and takes from 12 to 36 months. After completing the closure of our own data centre by the end of the first quarter in 2022, we launched a new service area, Cloud and Application Services, to address this opportunity. Our experience of data centre operations and software engineering have been valuable when building our expertise in cloud and hybrid solutions.

Our world-class Cloud Centre of Excellence manages everything as code - not only software and infrastructure provisioning but also operations and service delivery. The Cloud Centre of Excellence is founded on Microsoft best practices but designed to support other hyper scalers, such as Google Cloud and Amazon Web Services (AWS), and hybrid cloud environments such as IBM Red Hat Openshift.

In the fourth quarter, we continued to conduct Lite Discovery & Assessments for several customers, with expected implementation in 2023. We are also engaged by several customers with consulting services to help them implement a similar Cloud Centre of Excellence.

Cloud Application Services is organised as a global unit with a full range of services and expertise to serve customers of any size from all our locations. The unit is growing its revenue with a mix of subscription and consulting services.

Cloud Application Services is still an economic investment case, gradually improving profitability over the next 3-12 months. Our sales pipeline of cloud migration and cloud modernisation opportunities is increasing steadily. There is also a gradual shift taking place in the nature of the demand for managed services.

Itera takes the lead in infrastructure aid to Ukraine

As a company, we are deeply engaged in supporting Ukraine from all locations. As example in the fourth quarter, Itera with Group COO Jon Erik Høgberg in the lead role, has contributed to the Norwegian delivery of vital infrastructure aid to Ukraine.

What started with a panel discussion arranged by the Norwegian-Ukrainian Chamber of Commerce (NUCC) in May, has resulted in the deliveries of ten bridges from The Norwegian Public Roads Administration (Statens Vegvesen) to Ukraine. These are essential both for evacuating civilians, rapid movement of military personnel, and for exporting food, and were sent from Norway in December.

Beyond the strong will and drive to support Ukraine from Itera, NUCC and the Norwegian Public Roads Administration, other key roles in making this happen are the Norwegian Embassy in Kyiv, Jason Bridges and the Norwegian and Ukrainian Governments.

We can never fathom and fully compensate for the sacrifices Ukrainians are making every single day. Ukraine defends not only its own territory. They are defending Europe.

Itera hires new Director of Central and Eastern Europe

As part of Itera's ambitious growth journey, we have hired Taras Tovstiyak as our new Director of Central and Eastern Europe. Itera is seeing good profitable and fast growth in our operations in Central

and Eastern Europe, and with Taras on board this will accelerate further and faster.

Joining on 2nd January 2023, Taras will lead Itera's operations in Ukraine, Slovakia, Czech Republic, and Poland, and continue our fast growth, build and strengthen our customer-centric organisation, ensure high employee engagement and competence development, and support the growth of One Itera. He is currently located in Krakow, Poland.

Taras Tovstiak has more than 20 years of professional experience, and prior to joining Itera, he worked for 20 years for ELEKS, a global IT services company with more than 2,000 employees. During his career in IT, he has filled several roles. His most recent role at ELEKS was as Customer Success Director of DACH (Germany (D), Austria (A) and Switzerland (CH)) and Nordic Business Units.

Ecovadis

Each year, we report our sustainability numbers to Ecovadis. In the fourth quarter of 2022, we went from 60 to 66/100 points (a 10% increase in score), which gives us a new silver medal in sustainability. We are only 2 points from moving up to gold medal, which will be very realistic next year. This score places us among the top 6% within our industry – worldwide.

Ecovadis is the world's largest and most trusted rating company for sustainability. Ecovadis rates around 80,000 companies globally in 150 countries. Ecovadis analyses companies and provides an overall score for each company's sustainability work, as well as individual scores within the 4 main categories of environment, labour and human rights, ethics, and sustainable value chain.

Grow people

BITS – A new YouTube series from Itera

This fall, we launched our very own series, "BITS from Itera", which you can watch exclusively on our YouTube channel. In this series, you meet the people who are digitising Norway and get an insight into the technology industry, how we work, and how we make a difference every day.

We have shared four episodes of BITS, and you can find them all on youtube.com/@ITERAmakeadifference.

MAD Leads

At Itera, we work continuously on the recruitment of the best talents, and one of several recruitment measures is to encourage our employees to give us tips on good candidates.

The technology department in Itera initiated the creation of a portal to increase candidate tips engagement, and not least give those who tip a better user interface for follow-up and status.

This led to MAD Leads and gamification of the tips process. The application has been developed internally and with interdisciplinary teams and was made available to all employees in Norway in the fourth quarter of 2022. Those who tip get points, and they can win different awards based on their score.

Market and customer development

In the fourth quarter of 2022, Itera had an order intake equivalent to a book-to-bill ratio of 1.5. For the twelve-month period ending 31 December 2022, the book-to-bill ratio was 1.2. Itera entered into new or extended contracts with customers including Santander Consumer Bank, DNV, Gjensidige, TESS, Kredinor, Insurance Technology Solutions, Trafsyst, KLP, Pelagia, and NAV.

The revenue from Itera's 30 largest customers accounted for 82% of its operating revenue during the fourth quarter of 2022, which is six percentage points higher than in the fourth quarter of 2021. New customers, defined as customers won during the last 12 months, accounted for 12% of revenue.



Financial review

Financial review

Financial reporting

Itera completed the transition of its customers from its on-premise data centre operations to managed cloud services and transferred the residual customer portfolio with all associated supplier contracts and assets to a new data centre vendor with effect from 1 April 2022. See the separate section on this for more details.

Following the sale of this business, Itera reports the profit and loss statement relating to this business as discontinued operations on a net income basis. The continuing operations are equivalent to the core digital business that Itera reported as its primary segment in 2021.

The comments in this financial review relate to the performance of Itera's continuing operations in the fourth quarter of 2022 compared to the fourth quarter of 2021 unless otherwise stated. The figures given in brackets in this report refer to the equivalent period in 2021. Please refer to Note 3 for a description of the alternative performance measures used, and to Note 4 for key financial figures for the discontinued data centre operations.

Itera (the Group) consists of Itera ASA (the Company) and its subsidiaries. Itera ASA is a public limited liability company incorporated in Norway and listed on the Oslo Stock Exchange with the ticker ITERA. The condensed consolidated interim financial statements cover the Group. As a result of rounding differences, some numbers and percentages may not add up to the totals given.

Accounting principles

These interim condensed consolidated financial statements for the quarter ending 31 December 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the Group's annual report for 2021. The accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021. The interim financial information contained in this report has not been audited or reviewed.

Summary for the fourth quarter

Itera achieved organic revenue growth of 29% in the fourth quarter of 2022 relative to the fourth quarter of 2021. Gross profit increased by 30%, with the gross margin up by 0.6 points to 93.4%. The fourth quarter of 2022 contained the same number of working days in Norway as the corresponding period of 2021.

The operating profit (EBIT) for the fourth quarter of 2022 was NOK 19.4 million (NOK 18.1 million), with an EBIT margin of 9.5% (11.4%). For 2022 as a whole EBIT was NOK 77.2 million (NOK 77.0 million) and the EBIT margin was 10.5% (13.0%).

As disclosed in the last interim report, Itera is investing in significant recruitment capacity and new offices in the EU to mitigate slower growth in Ukraine during the invasion. The setup costs of recruiters, offices, administration and onboarding had some net negative impact on the fourth quarter's results as well, though to a lesser extent than in the third quarter.

To secure our Ukrainian employees and their families and uphold the delivery commitments to our customers as well as to support the Ukrainian resistance and provide humanitarian aid, Itera has

spent a direct cost of NOK 3.7 million during 2022. In the fourth quarter of 2022 this included supplementary payments to employees drafted to the military and the acquisition of Starlink and power generators. In addition, we organised a charitable contribution from our employees where they donated a total of NOK 0.3 million, which Itera matched with a similar contribution. In addition to the above, Itera lost sublease income of NOK 2.5 million and subsequently decided to make an early exit of parts of its Kyiv office with a write-off cost of NOK 1.5 million on leasehold improvements and furniture. The direct impact of the additional costs as a result of the invasion was approximately NOK 3.3 million in the fourth quarter of 2022 and NOK 7.7 million for the year as a whole. Adjusted for this, the EBIT margin would have been 1.6% higher at 11.0% (11.4%) in the fourth quarter of 2022 and 1.0% higher for the year as a whole at 11.5% (13.0%).

Itera progressed well and according to plan in the fourth quarter in starting to capitalise on its investment into becoming a full-scale provider of cloud migration and operation services for larger customers. The cost of having excess capacity in order to be ready for larger and multiple migration projects and operations will gradually diminish as business volume grows.

Operating revenue

Itera reports operating revenue of NOK 205.5 million (NOK 158.7 million) for the fourth quarter of 2022, which represents growth of 29%. This was driven by growth in the revenue from Itera's own services, which increased by 34% to NOK 175 million. Revenue from subscription-based services increased by 15% to NOK 18 million, while revenue from third-party services decreased by 27% to NOK 8 million. Around 40% of the total growth in the fourth quarter was attributable to the new cloud and application services. For 2022 as a whole operating revenue was NOK 735.8 million (NOK 593.0 million), which represents growth of 24%.

Gross profit (revenue minus cost of goods sold) was NOK 191.9 million (NOK 147.3 million) in the fourth quarter of 2022, which represents an increase of 30%. Gross profit for 2022 as a whole was NOK 684.2 million (NOK 547.3 million), which represents growth of 25%.

Operating expenses

Total operating expenses in the fourth quarter of 2022 were 32% higher at NOK 186.0 million (NOK 140.6 million), while for 2022 as a whole they were up 28% to NOK 658.6 million (NOK 515.9 million).

Cost of sales was NOK 13.5 million (NOK 11.4 million) and relates to subscription and third-party services and other revenue. For 2022 as a whole cost of sales was up 13% to NOK 51.7 million (NOK 45.7 million).

Personnel expenses were NOK 145.5 million (NOK 110.1 million) in the fourth quarter of 2022, which represents an increase of 32%. The average number of employees in the quarter was 16% higher than in the corresponding quarter of 2021. Personnel expenses per employee were 14% higher in the fourth quarter of 2022 than in the same quarter of 2021. About one-third of this was related to a weakening of the NOK vs. other currencies. Accruals for variable compensation increased as a result of the strong operational performance versus targets. Moreover, the high inflation rates and general shortage of talents in the industry contributed to salary growth.

For 2022 as a whole personnel expenses were up 28% to NOK 515.1 million as compared to an increase of 22% in the average number of employees. Average personnel expenses per employee were up by 5%.

Other operating expenses were NOK 18.2 million (NOK 12.8 million) in the fourth quarter of 2022, up by 42% from last year. The increase was primarily due to acquisitions of Starlink and powerbanks for Ukrainian offices and employees and higher spend on recruitment, travel and training, with some further impact on the reported figures from the weakening of the NOK. For 2022 as a whole other operating expenses were NOK 60.1 million (NOK 41.9 million).

Depreciation and amortisation totalled NOK 8.8 million (NOK 6.3 million) in the fourth quarter. The increase was primarily due to the amortisation of Itera's investment in its Cloud Centre of Excellence as well as increase in facility costs. With respect to the latter, Itera had a one-time write-down cost of NOK 1.5 million on leasehold improvements and furniture in parts of the Kyiv office that was exited in the fourth quarter of 2022. For 2022 as a whole depreciation and amortisation totalled NOK 31.8 million (NOK 24.6 million).

Operating result

The operating result before depreciation and amortisation (EBITDA) for the fourth quarter of 2022 was a profit of NOK 28.2 million (NOK 24.4 million), giving an EBITDA margin of 13.7% (15.4%). For 2022 as a whole EBITDA was NOK 109.0 million (NOK 101.6 million) with an EBITDA margin of 14.8% (17.1%).

The operating result (EBIT) for the fourth quarter was a profit of NOK 19.4 million (NOK 18.1 million), giving an EBIT margin of 9.5% (11.4%). For 2022 as a whole EBIT was NOK 77.2 million (NOK 77.0 million) with an EBIT margin of 10.5% (13.0%).

Discontinued operations

As previously reported, Itera had discontinued its data centre operations by the end of the first quarter of 2022. There was no financial impact from this in the fourth quarter of 2022. Please refer to Note 4 for financial statements relating to the discontinued operations.

Cash flow, liquidity and equity

Net cash flow from operating activities was NOK 41.4 million (NOK 32.6 million) in the fourth quarter of 2022. NOK 0 million (NOK -2.0 million) of this amount related to the discontinued operations.

There was a net cash outflow from investing activities of NOK 3.6 million (NOK 7.8 million) in the fourth quarter of 2022, NOK 1.2 million of which amount related to investment in office equipment and inventory and NOK 2.4 million to intangible assets.

There was a net cash outflow from financing activities of NOK 36.7 million in the fourth quarter of 2022, NOK 8.5 million of which amount related to the share repurchase program and NOK 24.4 million to dividends paid in the quarter. This compares to a net outflow of NOK 10.2 million in the same quarter of 2021.

Contract assets (previously referred to as *work in progress*) at 31 December 2022 were NOK 0.9 million lower than at 31 December 2021, while capitalised contract costs were NOK 2.7 million lower. The capitalised contract costs relate to revenue which is deferred under IFRS 15. Accounts receivable and other receivables were NOK 22.9 million higher and NOK 0.1 million lower respectively than at 31 December 2021.

Accounts payable at 31 December 2022 were NOK 2.1 million lower than at 31 December 2021. Public duties payable were NOK 10.6 million higher than at the end of the fourth quarter of 2021. Tax payable was NOK 4.8 million higher than at 31 December 2021. Contract liabilities at 31 December 2022 were NOK 3.5 million lower at NOK 14.8 million.

Cash and cash equivalents amounted to NOK 41.9 million at 31 December 2022, compared to NOK 37.5 million at 31 December 2021. Itera has a revolving credit facility of NOK 35 million.

Itera had lease liabilities totalling NOK 29.6 million (NOK 35.2 million) at 31 December 2022, which represents a net decrease of NOK 5.6 million. NOK 9.2 million of the lease liabilities are current liabilities that fall due within 12 months, while NOK 20.4 million are classified as non-current liabilities.

At 31 December 2022, Itera held 1,611,062 (1,637,006) own shares, valued at NOK 21.7 million (NOK 25.0 million).

Equity at 31 December 2022 totalled NOK 49.4 million (NOK 39.5 million). The equity ratio was 21.1% (17.9%). The equity ratio without the right-of-use assets included under IFRS 16 was 24.1% (20.8%).

Dividend

A supplementary dividend of NOK 0.30 per share was paid on 4 November 2022. The total dividend payout in 2022 was NOK 0.50 (NOK 0.35) per share.

At its meeting on 15 February 2023, the Board of Directors passed a resolution to propose an ordinary dividend of NOK 0.30 per share at the Annual General Meeting on 24 May 2023. It will also ask for its authorisation to approve possible additional dividends to be renewed.

Personnel

Building on a strong Nordic heritage, we combine local presence with geographically distributed capabilities into a distributed delivery model that features multidisciplinary teams and a flexible distribution of work across borders.

Itera's headcount at the end of the fourth quarter of 2022 was 698 as compared to 617 at the end of the fourth quarter of 2021. This represents an increase of 81 employees (13%) during the last 12 months, temporarily impacted by the invasion of Ukraine. Thus, more than half of the net recruitment came onshore contrary to the strategy of growing in a ratio of 1:3 onshore/nearshore. Once the new offices in Central Europe are running at full speed, our growth capacity will be even larger than before the invasion and less vulnerable to any situation in Ukraine.

Itera has nearshore development centres in Slovakia, Poland, Czechia and Ukraine. The proportion of Itera's capacity that is located in these locations (its nearshore ratio) was 52% (53%) at the end of the fourth quarter.

Our distributed delivery model is very scalable and provides access to a much larger workforce than is available in local markets. Through our presence in Central and Eastern Europe we are tapping into a pool of more than 600,000 digitally talented people.

Our distributed delivery model was recognised for having the best Project Management Office in Europe by the PMO Global Alliance in 2021. Itera also received the PMO Ukraine Award for 2021, achieving the best results in the categories "Best Practices", "Customer Service", "PMO Path", "Value Generation",

"Innovations", "Competency Development" and "Formation of commonality".

Significant risks and uncertainties

Itera's activities are influenced by several different factors, both within and outside of the company's control. As a service provider, Itera faces business risks associated with competition and pressure on prices, project overruns, recruitment, loss of key employees, customers' performance and bad debts. Market-related risks include risks related to the business cycle. Financial risks include currency fluctuations against the Norwegian krone (NOK), principally in relation to the Danish krone (DKK), the US dollar (USD), the euro (EUR) and more recently the Czech koruna (CZK) and Polish zloty (PLN). In addition, interest rate changes will affect the returns earned by Itera on its bank deposits, as well as leasing costs and the cost of credit facilities.

Itera executed on its business continuity plans when Russia started a military invasion of Ukraine in late February of 2022 after initially facilitating the safe relocation of its employees and their families to the Western region of Ukraine and abroad. The downtime in production before resuming close to full availability was limited to a few days. During the first few months of the invasion there was a natural reduction in sales opportunities due to the uncertainty of the impact of the invasion. Gradually, confidence in Ukraine as a viable sourcing destination is returning, and existing and new customers are quoting trade with Ukraine as an important Corporate Social Responsibility (CSR) initiative. Itera is firmly committed to continuing its growth in Ukraine but is also mitigating the intermediate risk by strengthening its presence in nearby EU locations.

The current macroeconomic environment is challenging with surging inflation rates, rising interest rates, the energy crisis and continued invasion of Ukraine impacting businesses to varying extents. This may cause some companies to reduce their spending levels. Digitisation is an important tool for reducing costs and providing new business opportunities. However, a reduced overall availability of capital will also increase the investment hurdles in this area. Lately, several technology companies have laid off employees. This may have a positive impact on the availability of talent in our industry as well as reduce the high salary pressure.

More information about risks and uncertainties can be found in

Outlook

The company's overall strategy of developing large, long-term customer relationships, increasing the number of project deliveries which involve the full range of Itera's services, using our distributed delivery model across borders in the Nordics and Central and Eastern Europe, and focusing on operational efficiency remains unchanged.

During 2023 Itera will continue to invest in its expansion in Sweden and Central and Eastern Europe to accommodate current and expected future demand, while maintaining readiness to accelerate expansion in Ukraine. Itera is utilising its strong relations with the Ukrainian authorities and senior management in Nordic industries to enable the green transition through new industrial software solutions and services as part of the rebuilding of Ukraine after the invasion is over.

As customers are assessing the impact on their business from the current macroeconomic uncertainty, the increase in demand for IT services may be slightly softer in the short term. However, as digital transformation is key to realising both cost savings and new business opportunities, we expect continued strong demand in the medium to long term. With the current order book, Itera still expects to start off 2023 at an organic growth rate amongst the top performers in our marketplace.

There is a gradual shift taking place in the nature of the demand for managed services. As businesses seek greater resilience, face a war for talent, and need to digitise and experience cost pressures, strategic managed services are increasingly a top management priority. Leveraging the substantial investment that has been taking place in its Cloud and Application Services during 2022, Itera will see gradual improvement in profitability throughout 2023 with an increasing volume of migration and modernization engagements, improving the total profitability of Itera.

Next interim report

The interim report for the first quarter of 2023 will be published and presented on 11 May 2023.

Statement by the Board of Directors and Chief Executive Officer

The Board of Directors and the CEO have today considered and approved the consolidated condensed financial statements for the Itera Group for the three months ended 31 December 2022, including the comparisons with the corresponding period in 2021.

The Board has based its declaration below on reports and statements from the Group's CEO, on the results of the Group's activities, and on other information that is essential to assessing the Group's position.

To the best of our knowledge:

- The consolidated condensed financial statements for the three months ended 31 December 2022 have been prepared in accordance with IFRS as adopted by EU and IAS 34 (Interim Financial Reporting) and the additional disclosure requirements pursuant to the Norwegian Securities Trading Act.
- The information provided in the financial statements gives a true and fair portrayal of the Itera Group's assets, liabilities, profit and overall financial position as at 31 December 2022.
- The information provided in the report for the fourth quarter of 2022 provides a true and fair overview of the development, performance, financial position, important events and significant related party transactions in the accounting period as well as the most significant risks and uncertainties facing the Itera Group.

Oslo, 15 February 2023

The Board of Directors and CEO of Itera ASA

Morten Thorkildsen
Chairman

Marianne Killengreen
Board Member

Jan-Erik Karlsson
Board Member

Gyrid Skalleberg Ingerø
Board Member

Siren Tønnesen
Board Member

Joachim Trøbråten
Board Member

Arne Mjøs
CEO



Interim condensed financial information

Consolidated statement of comprehensive income

Amounts in NOK thousand	2022 10-12	2021 10-12	change %	2022 1-12	2021 1-12	change %
Operating revenue	205,454	158,738	29 %	735,840	592,956	24 %
Operating expenses						
Cost of sales	13,522	11,430	18 %	51,687	45,699	13 %
Gross Profit	191,932	147,308	30 %	684,153	547,257	25 %
<i>Gross Margin</i>	93.4 %	92.8 %	0.6 pts	93.0 %	92.3 %	0.7 pts
Personnel expenses	145,515	110,093	32 %	515,118	403,688	28 %
Other operating expenses	18,237	12,842	42 %	60,063	41,944	43 %
Depreciation and amortisation	8,758	6,253	40 %	31,753	24,582	29 %
Total operating expenses	186,032	140,618	32 %	658,622	515,912	28 %
EBITDA	28,180	24,374	16 %	108,971	101,626	7 %
Operating profit (EBIT)	19,422	18,121	7 %	77,218	77,044	0 %
Other financial income	(375)	396	(195 %)	1,925	2,424	(21 %)
Other financial expenses	(425)	1,000	(143 %)	938	3,602	(74 %)
Net financial income (expenses)	50	(604)	108 %	987	(1,178)	184 %
Profit before taxes	19,473	17,516	11 %	78,206	75,866	3 %
Income taxes	2,633	4,516	(42 %)	16,777	17,333	(3 %)
Net income from continuing operations	16,840	13,000	30 %	61,429	58,533	5 %
Net income from discontinued operations*	-	(3,493)	100 %	-10,438	-14,385	27 %
Net income	16,840	9,506	77 %	50,990	44,147	16 %
Other comprehensive income						
Translation diff. on net investment in foreign operations	(435)	477	(191 %)	440	274	60 %
Total comprehensive income	16,404	9,984	64 %	51,430	44,422	16 %
Total comprehensive income attributable to:						
Shareholders in parent company	16,404	9,792	68 %	51,430	44,422	16 %
Earnings per share continuing operations	0.21	0.16	29 %	0.76	0.73	5 %
Fully diluted earnings per share continuing operations	0.21	0.16	29 %	0.76	0.72	5 %

*) See note 4 for information about discontinued operations.

Consolidated statement of financial position

Amounts in NOK thousand	2022 31 Dec	2021 31 Dec	change	change %
ASSETS				
Non-current assets				
Deferred tax assets	4,388	4,791	(403)	(8 %)
Other intangible assets	33,185	34,826	(1,640)	(5 %)
Property, plant and equipment	12,790	15,729	(2,939)	(19 %)
Right-of-use assets	28,271	30,917	(2,646)	(9 %)
Total non-current assets	78,634	86,262	(7,628)	(9 %)
Current assets				
Contract assets	225	1,120	(895)	(80 %)
Contract costs	1,345	4,035	(2,690)	(67 %)
Lease receivable - short term	0	3,370	(3,370)	(100 %)
Accounts receivable	98,971	76,092	22,879	30 %
Other receivables	12,661	12,794	(133)	(1 %)
Cash and cash equivalents	41,934	37,457	4,478	12 %
Total current assets	155,136	134,867	20,269	15 %
TOTAL ASSETS	233,771	221,130	12,641	6 %
EQUITY AND LIABILITIES				
Equity				
Share capital	24,656	24,656	-	0 %
Other equity	(78,489)	(29,870)	(48,619)	(163 %)
Net income for the period	103,274	44,750	58,524	131 %
Total equity	49,442	39,536	9,906	25 %
Non-current liabilities				
Other provisions and liabilities	1,304	1,944	(640)	(33 %)
Lease liabilities - long-term portion	20,420	20,036	384	2 %
Total non-current liabilities	21,724	21,980	(256)	(1 %)
Current liabilities				
Accounts payable	16,760	18,846	(2,086)	(11 %)
Tax payable	12,112	7,278	4,834	66 %
Public duties payable	47,828	37,136	10,692	29 %
Contract liabilities	14,840	18,318	(3,478)	(19 %)
Lease liabilities - short term	9,175	15,163	(5,988)	(39 %)
Other current liabilities	61,891	62,736	(845)	(1 %)
Total current liabilities	162,606	159,477	3,128	2 %
Total liabilities	184,330	181,457	2,872	2 %
TOTAL EQUITY AND LIABILITIES	233,771	221,130	12,640	6 %
Equity ratio	21.1 %	17.9 %		3.3 pts

Consolidated statement of cash flow

Amounts in NOK thousand	2022	2021	change	2022	2021	change
	10-12	10-12		1-12	1-12	
Profit before taxes	19,473	13,038	6,435	64,823	57,424	7,399
Income taxes paid	(1,240)	(476)	(764)	(7,980)	(13,223)	5,243
(Profit)/loss from sale of assets	-	-	-	815	-	815
Depreciation and amortisation	8,758	7,118	1,640	32,510	28,467	4,043
Share option costs	839	359	479	1,454	763	691
Change in contract assets	(444)	382	(826)	895	75	820
Change in accounts receivable	460	5,372	(4,912)	(22,879)	(8,817)	(14,062)
Change in accounts payable	(5,286)	(2,570)	(2,716)	(2,086)	(4,323)	2,236
Change in other accruals	18,298	9,132	9,166	7,094	11,414	(4,321)
Effect of changes in exchange rates	553	481	72	1,382	(2,040)	3,423
Net cash flow from operating activities	41,411	32,836	8,575	76,028	69,740	6,288
Payment from sale of fixed assets	-	-	-	1,055	-	1,055
Investment in fixed assets	(1,166)	(2,521)	1,355	(6,503)	(7,492)	989
Investment in intangible assets	(2,423)	(5,230)	2,806	(9,773)	(25,297)	15,524
Net cash flow from investing activities	(3,589)	(7,751)	4,162	(15,222)	(32,789)	17,568
Purchase of own shares	(8,465)	-	(8,465)	(9,086)	(23,522)	14,436
Sale of own shares	-	-	-	6,559	8,427	(1,868)
Cash settlement of options contract	-	-	-	-	(978)	978
Equity settlement of options contract	-	-	-	-	3,951	(3,951)
Principal elements of lease payments	(3,851)	(3,052)	(800)	(15,537)	(17,533)	1,995
Instalment of sublease receivable	-	911	(911)	1,750	3,616	(1,866)
Dividends paid to equity holders of Itera ASA	(24,353)	(8,055)	(16,297)	(40,451)	(27,853)	(12,598)
Net cash flow from financing activities	(36,669)	(10,196)	(26,473)	(56,766)	(53,891)	(2,875)
Effects of exchange rate changes on cash	(217)	-	(217)	437	(2)	439
Net change in cash and cash equivalents	936	14,890	(13,954)	4,478	(16,943)	21,420
Cash and cash equivalents at the beginning of the period	40,998	22,568	18,430	37,457	54,399	(16,942)
Cash and cash equivalents at the end of the period	41,935	37,459	4,475	41,935	37,456	4,478

Consolidated statement of changes in equity

Amounts in NOK thousand	Share capital	Own shares	Other paid in equity	Cumulative translation differences	Other equity	Total equity
Equity as of 1 Jan 2021	24,655	(381)	(21,563)	563	31,066	34,341
Net income for the period	-	-	-	-	44,148	44,148
Other comprehensive income for the period	-	-	-	258	-	258
Share option costs	-	-	763	-	-	763
Cash settlement of options contract	-	-	(978)	-	-	(978)
Equity settlement of options contract	-	185	3,766	-	-	3,951
Purchase of own shares	-	(518)	(23,005)	-	-	(23,522)
Sale of own shares	-	223	8,205	-	-	8,427
Dividends	-	-	-	-	(27,853)	(27,853)
Equity as of 31 Dec 2021	24,655	(492)	(32,811)	820	47,362	39,536
Net income for the period	-	-	-	-	50,990	50,990
Other comprehensive income for the period	-	-	-	440	-	440
Share option costs	-	-	1,454	-	-	1,454
Cash settlement of options contract	-	-	-	-	-	-
Equity settlement of options contract	-	-	-	-	-	-
Purchase of own shares	-	(197)	(8,890)	-	-	(9,086)
Sale of own shares	-	204	6,355	-	-	6,559
Dividends	-	-	-	-	(40,451)	(40,451)
Equity as of 31 Dec 2022	24,655	(484)	(33,892)	1,260	57,901	49,442

Key figures

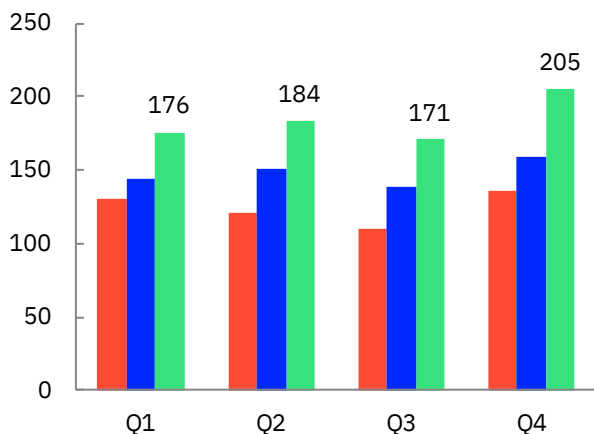
	2022	2021	change	2022	2021	change
Amounts in NOK thousand	10-12	10-12	%	1-12	1-12	%
Profit & Loss continuing operations						
Operating revenue	205,454	158,738	29%	735,840	592,956	24%
Gross profit	191,932	147,308	30%	684,153	547,257	25%
EBITDA	28,180	24,374	16%	108,971	101,626	7%
<i>EBITDA margin</i>	13.7%	15.4 %	-1.6 pts	14.8%	17.1 %	-2.3 pts
Operating profit (EBIT)	19,422	18,121	7%	77,218	77,044	0%
<i>EBIT margin</i>	9.5%	11.4 %	-2 pts	10.5%	13.0 %	-2.5 pts
Profit before taxes	19,473	17,516	11%	78,206	75,866	3%
Net income	16,840	13,000	30%	61,429	58,533	5%
Net income incl. discount. operations	16,840	9,507	77%	50,990	44,148	15%
Balance sheet						
Non-current assets	78,634	86,262	-9%	78,634	86,262	-9%
Bank deposits	41,934	37,456	12 %	41,934	37,456	12 %
Other current assets	155,136	97,412	59 %	155,136	97,412	59 %
Total assets	233,771	221,130	6 %	233,771	221,130	6 %
Equity	49,442	39,673	25 %	49,442	39,673	25 %
Total non-current liabilities	21,724	21,980	(1 %)	21,724	21,980	(1 %)
Total current liabilities	162,606	159,477	2 %	162,606	159,477	2 %
<i>Equity ratio</i>	21.1%	17.9 %	3.2 pts	21.1%	17.9 %	3.2 pts
Current ratio	1.21	0.85	43 %	1.21	0.85	43 %
Cash flow						
Net cash flow from operating activities	41,411	32,836	26 %	76,028	69,740	9 %
Net cash flow	936	14,890	(94%)	4,478	(16,943)	126 %
Share information						
Number of shares	82,186,624	82,186,624	0 %	82,186,624	82,186,624	0 %
Weighted average basic shares outstanding	80,875,022	80,549,618	0 %	80,851,746	80,687,569	0 %
Weighted average diluted shares outstanding	80,979,586	80,948,589	0 %	80,958,591	81,077,670	(0%)
Earnings per share continuing business	0.21	0.16	29 %	0.76	0.73	5 %
Diluted Earnings per share contin. operations	0.21	0.16	29 %	0.76	0.72	5 %
EBITDA per share continuing operations	0.35	0.30	15 %	1.35	1.26	7 %
Equity per share	0.61	0.49	24 %	0.61	0.49	24 %
Dividend per share	0.30	0.10	200 %	0.50	0.35	43 %
Employees continuing business						
Number of employees at the end of the period	698	617	13 %	698	617	13 %
Average number of employees	700	603	16 %	677	556	22 %
Operating revenue per employee	294	263	12 %	1,087	1,067	2 %
Gross profit per employee	274	244	12 %	1,011	985	3 %
Personnel expenses per employee	208	183	14 %	761	726	5 %
Other operating expenses per employee	26	21	22 %	89	75	18 %
EBITDA per employee	40	40	(0%)	161	183	(12%)
EBIT per employee	28	30	(8%)	114	139	(18%)

Quarterly development 2020-2022

Revenues

NOK million

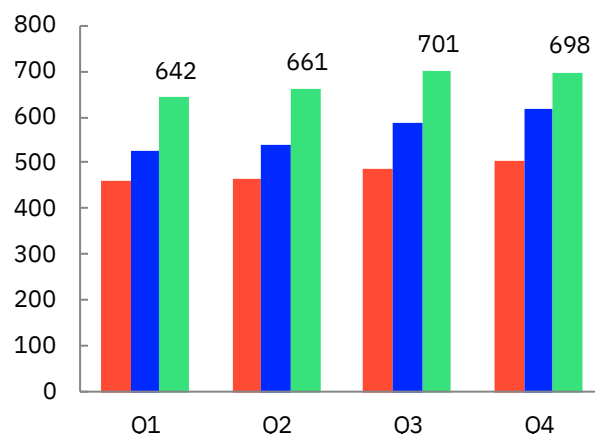
2020 2021 2022



Employees

End of period

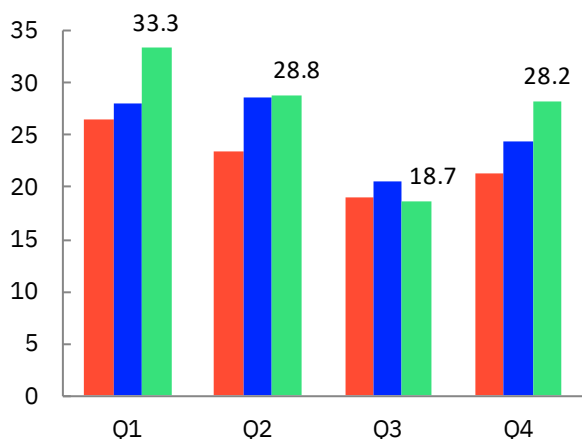
2020 2021 2022



EBITDA

NOK million

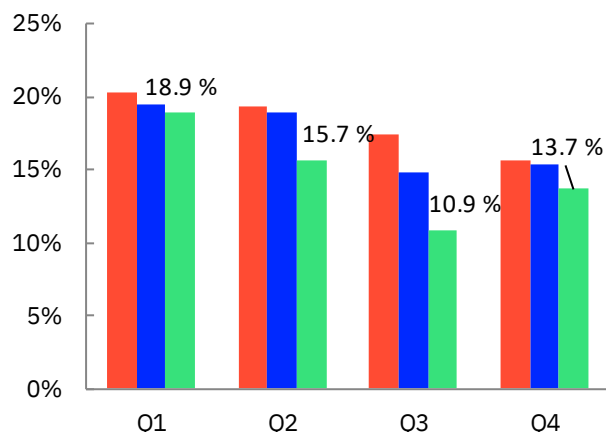
2020 2021 2022



EBITDA margin

%

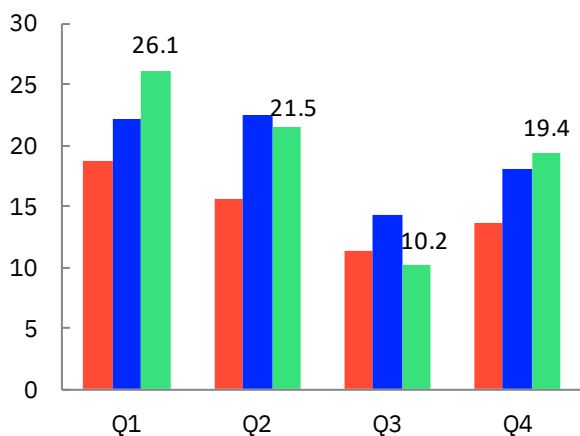
2020 2021 2022



EBIT

NOK million

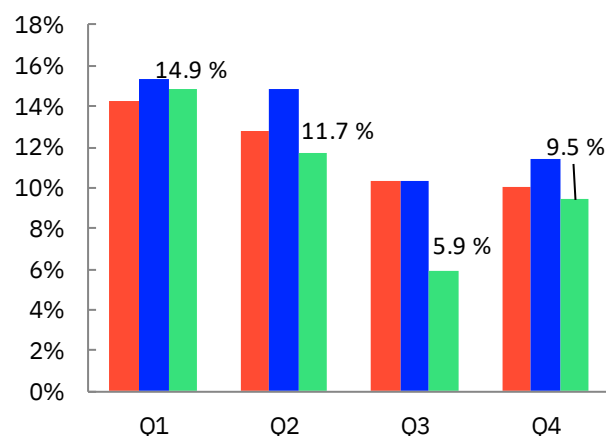
2020 2021 2022



EBIT margin

%

2020 2021 2022



Notes

Note 1: Transactions with related parties

There have been no material transactions with related parties during the reporting period 1 January 2022 to 31 December 2022.

Note 2: Events after the balance sheet date

There have been no events after 31 December 2022 that would have a material effect on the interim accounts.

Note 3: Alternative performance measures

In accordance with the guidelines issued by the European Securities and Markets Authority on alternative performance measures (APMs), Itera publishes definitions for the alternative performance measures used by the company. Alternative performance measures, i.e. performance measures not based on financial reporting standards, provide the company's management, investors and other external users with additional relevant information on the company's operations by excluding matters that may not be indicative of the company's operating result or cash flow. Itera has adopted non-recurring costs, EBITDA, EBITDA margin, EBIT, EBIT margin and equity ratio as alternative performance measures both because the company thinks these measures will increase the level of understanding of the company's operational performance and because these represent performance measures that are often used by analysts and investors and other external parties.

Non-recurring costs are significant costs that are not expected to reoccur under normal circumstances.

EBITDA is short for earnings before interest, tax, depreciation and amortisation. It is calculated as profit for the period before (i) tax expense, (ii) financial income and expenses and (iii) depreciation and amortisation.

EBITDA margin is calculated as EBITDA as a proportion of operating revenue.

EBIT is short for earnings before interest and tax and is calculated as profit for the period before (i) tax expense and (ii) financial income and expenses.

EBIT margin is calculated as EBIT as a proportion of operating revenue.

Note 4: Discontinued operations

As part of its strategy to exit its own data centre operations and migrate fully to the cloud, Itera sold its remaining data centre operations to Move AS at the end of the first quarter. This business segment is now reported as discontinued operations on a net income basis (IFRS 5).

Below are figures from the discontinued operations presented on a gross basis in order to provide further insight into the figures.

	2022	2021	change	2022	2021	change
NOK million	10-12	10-12		1-12	1-12	
Operating revenue	0.0	9.0	-9.0	7.3	40.1	-32.8
Cost of sales	0.0	4.0	-4.0	4.7	17.4	-12.7
Gross profit	0.0	5.0	-5.0	2.6	22.7	-20.1
Gross margin	0.0%	55.8%	-55.8%	35.5%	56.6%	-21.1%
Personnel expenses	0.0	7.0	-7.0	12.7	31.0	-18.3
Other operating expenses	0.0	1.6	-1.6	2.5	6.2	-3.7
Depreciation and amortisation	0.0	0.9	-0.9	0.8	3.9	-3.1
Total operating expenses	0.0	13.5	-13.5	20.7	58.5	-37.8
EBITDA	0.0	-3.6	3.6	-12.6	-14.6	1.9
EBITDA margin	0.0%	-40.1%	40.1%	-172.0%	-36.3%	-135.7%
EBIT	0.0	-4.5	4.5	-13.4	-18.4	5.1
EBIT margin	0.0%	-49.7%	49.7%	-182.3%	-46.0%	-136.3%
Income taxes	0.0	-1.0	1.0	-2.9	-4.1	1.1
Net income from discontinued operations	0.0	-3.5	3.5	-10.4	-14.4	3.9

ITERA

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